

## OPEN MEETING

## MEMORANDUM

TO: THE COMMISSION

FROM: Utilities Division

DATE: June 14, 2022

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN. (DOCKET NO. E-01345A-19-0236)

SUBJECT: APPLICATION FOR APPROVAL OF NEW RESIDENTIAL ELECTRIC VEHICLE CHARGING RATE SCHEDULE

## INTRODUCTION

Enclosed are the Commission Staff's memorandum and proposed order for the Application for Approval of a New Residential Electric Vehicle Charging Rate Schedule (Docket No. E-01345A-19-0236). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by efilings at <https://efiling.azcc.gov/> or filing an original and the appropriate number of copies in accordance with the Filing Requirements available at <http://azcc.gov/hearing/docket-control-center-filing-requirements>, with the Commission's Docket Control by **4:00** p.m. on or before: **June 24, 2022**.

This matter may be scheduled for Commission deliberation at its Open Meetings scheduled **June 28, 2022, and June 29, 2022**.

If you have any questions about this matter, please contact Cameron Nance of our Staff at (602) 542-4227, or Elijah Abinah, Director, at (602) 542-6935.

## BACKGROUND

On January 7, 2022, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") an application requesting approval of a new Residential Electric Vehicle ("EV") Charging Rate Schedule ("R-EV"), to comply with



Decision No. 78317 (November 9, 2021) (“Decision”) in Commission Docket No. E-01345A-19-0236.

In the Decision, the Commission required APS to file a new residential EV charging rate tariff establishing a super off-peak energy charge for the period from 11:00 p.m. to 5:00 a.m. every day of the year, which shall be set at the same level as APS’s TOU-E super off-peak energy charge.<sup>1</sup> (Staff notes that the proposed R-EV has the super off-peak period in both summer and winter, while TOU-E only has the super off-peak period in winter.) The Decision also requires APS to make up the revenue difference resulting from the changes to the on-peak TOU period through on-peak energy charges.

## COMPANY APPLICATION

APS’s application describes and seeks approval for a new residential EV charging rate tariff that establishes a super off-peak energy charge for the period from 11:00 p.m. to 5:00 a.m. every day of the year. R-EV also establishes rates for on-peak and off-peak energy usage. The proposed tariff describes the availability, applicability, character of service, rates, time periods, adjustments, and applicable rate riders to R-EV. The proposed tariff will be available to residential customers throughout APS’s service territory who reside at individual private dwellings and in individually metered apartments with access to an advanced metering infrastructure network and the installation of required metering equipment.

R-EV is only available to customers who own a qualified EV which APS defines as being registered with the State of Arizona to operate on all streets and highways. Service under R-EV is subject to an annual self-certification for proof of EV ownership. Neighborhood EVs (e.g., Golf Carts), as described in Arizona Revised Statute (“A.R.S.”) Section 28-101(53), do not qualify for R-EV.

Under R-EV, customers who self-provide some of their electrical requirements from on-site generation will be billed according to one of APS’s Partial Requirements Service rate riders. Electric service provided will be single-phase, 60 Hertz at the Company’s standard voltages available at the customer’s site. The filing provides that three-phase service is required for motors of an individual rated capacity of 7 1/2 horsepower or more. Under R-EV, electric service is supplied at a single point of delivery and measured through a single meter. R-EV is not applicable to breakdown, standby, supplemental or resale service. Direct access customers are not eligible for this rate schedule. Resale of energy is not allowed under R-EV.

R-EV’s rate consists of two elements, a basic service charge and per kilowatt-hour (“kWh”) charge for the total energy used for the billing cycle. The energy charge will vary by season (summer or winter) and the time of day that the energy is used (on-peak, off-peak, or super off-peak).

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<sup>1</sup> See Commission Decision No. 78317 (November 9, 2021) at page 444, lines 26-28 and page 445 line 107 [also see Commission Decision No. 78435 (January 31, 2022) at page 10, lines 11-26; also see APS Rate Schedule TOU-E Residential Time-of-Use Service, Time-of-Use 4PM – 7PM Weekdays, Revision No. 2, effective December 1, 2021 (“TOU-E”).]



*Proposed Tariff Charges*

R-EV's basic service charge and on-peak, off-peak and super off-peak energy charges by season are as follows, with the rates that specifically comply with the Decision regarding using TOU-E rates in bold:

<b>Basic Service Charge</b>		<b>\$0.400</b>	<b>Per Day</b>
	<b>Summer</b>	<b>Winter</b>	
<b>On-Peak Energy Charge</b>	\$0.40685	\$0.38477	Per kWh
<b>Off-Peak Energy Charge</b>	\$0.10789	\$0.10790	Per kWh
<b>Super Off-Peak Energy Charge</b>	<b>\$0.03166</b>	<b>\$0.03166</b>	<b>Per kWh</b>

*Adjustments*

Monthly billing for R-EV will include the following adjustments:

1. The Renewable Energy Adjustment Charge, Adjustment Schedule REAC-1.
2. The Power Supply Adjustment charge, Adjustment Schedule PSA-1.
3. The Transmission Cost Adjustment charge, Adjustment Schedule TCA-1.
4. The Environmental Improvement Surcharge, Adjustment Schedule EIS.
5. The Demand Side Management Adjustment Charge, Adjustment Schedule DSMAC-1.
6. The Lost Fixed Cost Recovery adjustment charge, Adjustment Schedule LFCR.
7. The Tax Expense Adjustor mechanism charge, Adjustment Schedule TEAM.
8. Any applicable taxes and governmental fees that are assessed on APS's revenues, prices, sales volume, or generation volume.

*Rate Riders*

Eligible rate riders for R-EV:

<b>RCP</b>	Resource Comparison Proxy
<b>EPR-2</b>	Partial Requirements
<b>EPR-6</b>	Partial Requirements – Net Metering (Residential Non-Solar)
<b>E-3</b>	Limited income discount
<b>E-4</b>	Limited income medical discount
<b>GPS-1, GPS-2, GPS-3</b>	Green Power

*Time periods*

The on-peak time-period for R-EV will be 4:00 p.m. to 7:00 p.m., Monday through Friday. The super off-peak time-period will be 11:00 p.m. to 5:00 a.m., every day, including holidays. All other hours are off-peak hours.<sup>2</sup> The following holidays are also included in the off-peak hours:

- New Year's Day – January 1\*
- Martin Luther King Day – Third Monday in January
- Presidents Day – Third Monday in February
- Cesar Chavez Day – March 31\*
- Memorial Day – Last Monday in May
- Independence Day – July 4\*
- Labor Day – First Monday in May
- Veterans Day – November 11\*
- Thanksgiving – Fourth Thursday in November
- Christmas Eve – December 24\*\*
- Christmas Day – December 25\*
- New Year's Eve – December 31\*\*

The on-peak and off-peak rates also vary by summer and winter seasons. The summer season is May through October billing cycles, and the winter season is the November through April billing cycles.

**STAFF ANALYSIS AND RECOMMENDATIONS**

The proposed R-EV incentivizes customers to charge their EVs during off-peak and super off-peak hours by providing a discount to the energy rates paid by the customer relative to on-peak rates. The aggregate load associated with charging EVs increases APS's total demand, which may affect the Company's ability to meet its customers' energy needs during times of peak demand. Specifically, as customers shift from internal combustion engine vehicles to battery EVs and plug-in hybrid EVs, APS will need to plan to meet the increased electrification needs associated with those customers charging EVs. By mitigating this increased load and demand on the Company's distribution system through promoting a shift in load to off-peak and super off-peak hours, APS will be more capable of effectively balancing its daily loads and resources without increasing rates paid by both EV and non-EV customers.

Staff believes R-EV is consistent with the Decision because R-EV's proposed rates and terms reflect required aspects of APS's TOU-E tariff, and that R-EV rates are likely to encourage EV charging during off-peak and super off-peak times which will help APS balance demand impacts to system efficiencies.

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<sup>2</sup> \*If these holidays fall on a Saturday, the preceding Friday will be off-peak. If they fall on a Sunday, the following Monday will be off-peak. \*\*The day on which these holidays fall will be off-peak days.



THE COMMISSION

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Staff notes that R-EV reflects higher rates for on-peak demand usage, relative to off-peak and super off-peak usage, which is consistent with the Decision's requirement that any revenue differences APS experiences to its on-peak TOU period only be made up through on-peak energy charges. Accordingly, based on analysis and consideration of the foregoing, Staff recommends approval of APS's R-EV.

Staff also recommends that APS file, as a compliance item with Docket Control, a Rate Schedule R-EV consistent with the Decision in this case within 30 days of the effective date of the Decision.

A handwritten signature in blue ink, appearing to read "Elijah O. Abinah", with a stylized flourish at the end.

Elijah O. Abinah

Director

Utilities Division

EOA:CCN:elr\MAS

ORIGINATOR: Cameron Nance

THE COMMISSION

June 14, 2022

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On this 14th day of June, 2022, the foregoing document was filed with Docket Control as a Utilities Division Memorandum & Proposed Order, and copies of the foregoing were mailed on behalf of the Utilities Division to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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# THE COMMISSION

June 14, 2022

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

LEA MÁRQUEZ PETERSON  
Chairwoman  
SANDRA D. KENNEDY  
Commissioner  
JUSTIN OLSON  
Commissioner  
ANNA TOVAR  
Commissioner  
JIM O'CONNOR  
Commissioner

IN THE MATTER OF THE APPLICATION  
OF ARIZONA PUBLIC SERVICE  
COMPANY FOR A HEARING TO  
DETERMINE THE FAIR VALUE OF THE  
UTILITY PROPERTY OF THE COMPANY  
FOR RATEMAKING PURPOSES, TO FIX A  
JUST AND REASONABLE RATE OF  
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SUCH RETURN.

DOCKET NO. E-01345A-19-0236  
DECISION NO. \_\_\_\_\_  
ORDER

**APPLICATION FOR APPROVAL OF  
NEW RESIDENTIAL ELECTRIC VEH-  
ICLE CHARGING RATE SCHEDULE**

Open Meeting  
June 28 and 29, 2022  
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

**Background**

1. On January 7, 2022, Arizona Public Service Company ("APS" or "Company") filed with the Arizona Corporation Commission ("Commission") an application requesting approval of a new Residential Electric Vehicle ("EV") Charging Rate Schedule ("R-EV"), to comply with Decision No. 78317 (November 9, 2021) ("Decision") in Commission Docket No. E-01345A-19-0236.

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8. Any applicable taxes and governmental fees that are assessed on APS's revenues, prices, sales volume, or generation volume.

*Rate Riders*

9. Eligible rate riders for R-EV:

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<b>GPS-1, GPS-2, GPS-3</b>	Green Power

*Time periods*

10. The on-peak time-period for R-EV will be 4:00 p.m. to 7:00 p.m., Monday through Friday. The super off-peak time-period will be 11:00 p.m. to 5:00 a.m., every day, including holidays. All other hours are off-peak hours.<sup>2</sup> The following holidays are also included in the off-peak hours:

- New Year's Day – January 1\*
- Martin Luther King Day – Third Monday in January
- Presidents Day – Third Monday in February
- Cesar Chavez Day – March 31\*
- Memorial Day – Last Monday in May
- Independence Day – July 4\*
- Labor Day – First Monday in May
- Veterans Day – November 11\*
- Thanksgiving – Fourth Thursday in November
- Christmas Eve – December 24\*\*
- Christmas Day – December 25\*
- New Year's Eve – December 31\*\*

11. The on-peak and off-peak rates also vary by summer and winter seasons. The summer season is May through October billing cycles, and the winter season is the November through April billing cycles.

...

...

<sup>2</sup> \*If these holidays fall on a Saturday, the preceding Friday will be off-peak. If they fall on a Sunday, the following Monday will be off-peak. \*\*The day on which these holidays fall will be off-peak days.

**Staff Analysis and Recommendations**

12. The proposed R-EV incentivizes customers to charge their EVs during off-peak and super off-peak hours by providing a discount to the energy rates paid by the customer relative to on-peak rates. The aggregate load associated with charging EVs increases APS's total demand, which may affect the Company's ability to meet its customers' energy needs during times of peak demand. Specifically, as customers shift from internal combustion engine vehicles to battery EVs and plug-in hybrid EVs, APS will need to plan to meet the increased electrification needs associated with those customers charging EVs. By mitigating this increased load and demand on the Company's distribution system through promoting a shift in load to off-peak and super off-peak hours, APS will be more capable of effectively balancing its daily loads and resources without increasing rates paid by both EV and non-EV customers.

13. Staff believes R-EV is consistent with the Decision because R-EV's proposed rates and terms reflect required aspects of APS's TOU-E tariff, and that R-EV rates are likely to encourage EV charging during off-peak and super off-peak times which will help APS balance demand impacts to system efficiencies.

14. Staff notes that R-EV reflects higher rates for on-peak demand usage, relative to off-peak and super off-peak usage, which is consistent with the Decision's requirement that any revenue differences APS experiences to its on-peak TOU period only be made up through on-peak energy charges. Accordingly, based on analysis and consideration of the foregoing, Staff recommends approval of APS's R-EV.

15. Staff also recommends that APS file, as a compliance item with Docket Control, a Rate Schedule R-EV consistent with the Decision in this case within 30 days of the effective date of the Decision.

**CONCLUSIONS OF LAW**

1. Arizona Public Service Company is an Arizona public service corporation within the meaning of Article XV, Section 2 of the Arizona Constitution.

2. The Commission has jurisdiction over Arizona Public Service Company and the subject matter of the Application.



3. The Commission having reviewed Arizona Public Service Company's application and Staff's Memorandum concludes that it is in the public interest to approve Arizona Public Service Company's proposed Residential Electric Vehicle Charging Rate Schedule, as discussed herein.

ORDER

IT IS THEREFORE ORDERED that Arizona Public Service Company's proposed Residential Electric Vehicle Charging Rate Schedule, as discussed herein, is approved.

IT IS FURTHER ORDERED that Arizona Public Service Company shall file, as a compliance item with Docket Control, a Residential Electric Vehicle Charging Rate Schedule consistent with the Decision in this case within 30 days of the effective date of the Decision.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRWOMAN MÁRQUEZ PETERSON

COMMISSIONER KENNEDY

COMMISSIONER OLSON

COMMISSIONER TOVAR

COMMISSIONER O'CONNOR

IN WITNESS WHEREOF, I, MATTHEW J. NEUBERT, Executive Director of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

MATTHEW J. NEUBERT  
EXECUTIVE DIRECTOR

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EOA:CCN:elr/MAS

Decision No. \_\_\_\_\_

Arizona Public Service Company  
Docket No. E-01345A-19-0236

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